

## Message Text

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16

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 ARA-06 AID-05 CIAE-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-03 H-01 L-02

NSC-05 PA-01 PRS-01 SS-15 USIA-06 IGA-01 /090 W

----- 035756

R 052149Z MAR 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5825

C O N F I D E N T I A L OTTAWA 813

EO 11652 GDS

TAGS ESTC CA CU

SUBJ CUBA TRADE: CHANGE IN ADMINISTRATION OF  
ITEM 9001 OF CANADA'S EXPORT CONTROL LIST

REFS A) OTTAWA 58 B) STATE 32654

C) OTTAWA 580 D) OTTAWA 714

1 TWICE IN THE PAST WEEK IN CONVERSATIONS WITH THE  
EMBASSY'S COMMERCIAL COUNSELOR, DENNIS EVANS, CHIEF,  
EXPORT AND IMPORT PERMITS DIVISION, DEPARTMENT OF  
INDUSTRY, TRADE AND COMMERCE (ITC), HAS MENTIONED HIS  
UNEASINESS ABOUT SUBJECT MATTER. HE REFERRED TO  
FEBRUARY 19 TELEPHONE CALL HE RECEIVED FROM RAUER MEYER,  
DIRECTOR OFFICE OF EXPORT ADMINISTRATION, USDOC, ASKING  
IF EVANS COULD DISCUSS SUBJECT WITH HIM IN WASHINGTON  
FEBRUARY 21. THIS, EVANS SAID, HE COULD NOT HAVE DONE  
IN ANY EVENT FOR REASON OF PRIOR COMMITMENTS; BUT, IF  
HE IS TO BE AUTHORIZED TO PURSUE THE MATTER WITH  
USG OFFICIALS, THEY WILL FIRST HAVE TO INFORM GOC  
REPS OFFICIALLY THAT THERE IS A PROBLEM AND WHAT THE  
PROBLEM IS. UNTIL WE DO SO, EVANS SAID, HIS SUPERIORS  
IN ITC WILL NOT BE CONVINCED THAT PROBLEM EXISTS.  
(SEE, FOR EXAMPLE, REF D REPORTING RECENT STATEMENT OF  
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CANADA'S EXPORT DEVELOPMENT CORPORATIONS'S PRESIDENT,

HUGH AITKEN, THAT GOC WILL NOT STAND IN WAY OF EXPORTS TO CUBA EVEN WHEN THEY CONTAIN SOME U.S. CONTENT.)

2. THE PROBLEM AS EMBASSY AND EVANS UNDERSTAND IT IS USG CONCERN ABOUT U.S.-ORIGIN COMPONENTS EXPORTED TO CANADA WHICH LOSE THEIR IDENTITY IN CANADIAN MANUFACTURED END-PRODUCTS EVENTUALLY EXPORTED TO CUBA. NO CANADIAN EXPORT LICENSE WOULD BE REQUIRED IN THAT EVENT, IT WILL BE RECALLED FROM REF A. EVANS EXEMPLIFIED BY CITING A COMPRESSOR OF U.S. ORIGIN INCORPORATED IN A HOUSEHOLD REFRIGERATOR MANUFACTURED IN CANADA AND THEN SHIPPED TO CUBA. UNDER PRESENT CANADIAN GUIDELINES (REF A), THE EXPORTER OF THE REFRIGERATOR WOULD NOT HAVE TO APPLY FOR A CANADIAN EXPORT LICENSE BECAUSE THE U.S. COMPRESSOR HAD LOST ITS U.S. IDENTITY IN THE CANADIAN REFRIGERATOR.

3. A DIFFERENT CASE WOULD BE PRESENTED, SAID EVANS, IF THE COMPRESSOR ORIGINATING IN THE U.S. WAS TO BE SHIPPED FROM CANADA TO CUBA AS A SERVICE OR REPLACEMENT PART. IN THAT CASE, SAID EVANS, THE COMPRESSOR, NOT HAVING LOST ITS U.S. IDENTITY, WOULD REQUIRE A CANADIAN EXPORT LICENSE AND SUCH LICENSE WOULD NOT BE ISSUED BY EVANS PRIOR TO HIS CONSULTING WITH THE U.S. DEPARTMENT OF COMMERCE (REF C).

4. EMBASSY BELIEVES STRONG POSSIBILITY OF GOC/USG MISUNDERSTANDING IS INHERENT IN THIS SITUATION. WE ALSO BELIEVE SUCH MISUNDERSTANDING WOULD BE PARTICULARLY UNFORTUNATE IN PRESENT PERIOD OF USG'S CONTINUING REVIEW OF ITS CUBA POLICY.

5. THE CUBA PASSAGES OF SECRETARY KISSINGER'S MARCH 1 HOUSTON ADDRESS HAVE THUS FAR RECEIVED MAIN, PERHAPS EXCLUSIVE, FOCUS OF CANADIAN MEDIA ATTENTION. TORONTO GLOBE AND MAIL OF MARCH 3 HEADLINED ITS WASHINGTON (REUTER) DATELINED ARTICLE, "KISSINGER BROACHES POSSIBILITY OF NEW RELATIONSHIP WITH CUBA". MONTREAL GAZETTE OF MARCH 3 HEADLINED WASHINGTON (CP-AP) CONFIDENTIAL

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DATELINED ARTICLE, "KENNEDY PROMISES LEGISLATION TO FOLLOW SHIFT IN CUBA POLICY". (BOTH ARTICLES EXTENSIVELY QUOTED OR CITED SECRETARY'S CAVEATS AND QUALIFICATIONS.) MONTREAL GAZETTE OF MARCH 4, AGAIN WITH WASHINGTON (CP) DATELINE, CARRIED ARTICLE ENTITLED "END OF CUBA BAN MAY STIFLE CANADIAN TRADE". THIS ARTICLE SAID, I.A.: BEGIN VERBATIM TEXT....CUBA IS EMBARKING ON A FIVE-YEAR PLAN WHICH COULD PROVIDE OPPORTUNITIES

FOR INCREASED TRADE IN MANY SECTORS AND CANADA  
WANTS A PIECE OF THAT ACTION.  
WITH THIS IN MIND, TRADE MINISTER ALASTAIR  
GILLESPIE WILL LEAD A 20-MAN CANADIAN BUSINESS  
DELEGATION TO CUBA MARCH 19-23.  
IN ANY CASE, LIFTING OF THE EMBARGO IS NOT  
EXPECTED TO COME QUICKLY. FIRST IT WOULD HAVE  
TO WIN ACCEPTANCE AS AN AMENDMENT TO THE  
ORGANIZATION OF AMERICAN STATES (OAS) CONSTITUTION,  
BY A SIMPLE MAJORITY OF THE 23 VOTING MEMBERS.  
THEN IT WOULD HAVE TO BE RATIFIED BY THE PARLIAMENTS  
OF THE 23 COUNTRIES--BY A TWO-THIRDS MAJORITY.  
OBSERVERS HERE FEEL THIS PROCEDURE COULD TAKE  
THREE TO FIVE YEARS.  
IN THE MEANTIME, SOME OFFICIALS BELIEVE CANADA  
MAY COME TO FEEL THAT IF THE TRADING WITH THE  
ENEMY ACT CONTINUES IN FORCE--KEEPING THE  
U.S. OUT OF THE CUBAN MARKET--CANADA  
MAY BE THE BENEFICIARY IN THE LONG RUN, NO MATTER  
HOW MUCH THE ACT'S PROVISIONS MAY GALL.  
END VERBATIM TEXT.

6. EMBASSY RECOMMENDS THAT STATE AND COMMERCE CALL  
IN CANADIAN EMBASSY TO DISCUSS SUBJECT PROBLEM. WE  
WOULD SUGGEST THAT MEYER OF COMMERCE, HOLTON OF  
EUR/CAN AND WRIGHT OF EB/IT/EWT EXPLORE IT IN DEPTH  
AT COUNSELOR LEVEL OF CANADIAN EMBASSY, AND ALSO  
INCLUDE FIRST SECRETARY D.G. WADDELL IN INVITATION  
TO CALL AT DEPARTMENT. (WADDELL HAS BEEN EVANS'  
PRINCIPAL CANADIAN EMBASSY GO-BETWEEN WITH U.S.  
DEPARTMENT OF COMMERCE.)  
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## Message Attributes

**Automatic Decaptioning:** X  
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**To:** STATE  
**Type:** TE  
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